



Sprott Real Asset Class

Sprott Corporate Class Inc.

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

DECEMBER 31

2015

The annual management report of fund performance is an analysis and explanation that is designed to complement and supplement an investment fund's financial statements. This report contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling 1-866-299-9906, by visiting our website at www.sprott.com or SEDAR at www.sedar.com or by writing to us at: Sprott Asset Management LP, Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2700, P.O. Box 27, Toronto, Ontario M5J 2J1. Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

Management Discussion of Fund Performance

Investment Objective and Strategies

The investment objective of Sprott Real Asset Class (the “Fund”) is to seek to provide total return over the long term by investing primarily in a portfolio of mutual funds that are managed by the Manager, its associates or its affiliates in various real asset sectors of the global economy as well as direct investments. The Fund may also invest directly in equity securities and/or exchange-traded funds operating in, or providing exposure to, the real asset sector.

To achieve these objectives, the Fund’s sub-advisor allocates the Fund’s assets among the infrastructure, timber and agriculture sectors within specified ranges. These ranges are designed to allow the sub-advisor to vary the weighting of the Fund’s portfolio within the real asset sector to meet the investment objective as it considers appropriate in a variety of market environments.

Risk

Since the Fund is primarily a fund-of-funds, the risks of investing in the Fund include both the risks of investing in the Fund and the risks of investing in the underlying funds, which the Fund takes on in proportion to its investment in the underlying funds. The risks of investing in the Fund are detailed in the Fund’s simplified prospectus. Refer to the prospectuses of the underlying funds for details of the risks of investing in those funds. The Fund is suitable for those investors seeking long-term capital growth with a medium tolerance for risk. There were no significant changes to the investment objective and strategies that affected the Fund’s overall level of risk during the reporting period.

Results of Operations

The Fund, Series A, declined 2.7% in 2015.

At the end of the year, the Fund’s allocation to Sprott Global Infrastructure Fund, Sprott Timber Fund, Sprott Global Agriculture Fund and Sprott Global REIT and Property Equity Fund was 39.7%, 35.6%, 13.4% and 0.4%, accordingly, with the remainder allocated to direct stock investments.

The Fund’s allocation to the Sprott Global Agriculture fund was the largest contributor to performance for the year, with the decline of the Canadian dollar relative to the U.S. dollar largely driving the performance of that fund. Early in the period, fears of deflation contributed to selling pressure across the grain and oilseed markets, while the livestock markets rebounded from their lows seen near the end of 2014. Harsh winter weather in the U.S. continued to impact commodity prices, while volatile currency levels put pressure on commodities outside of the United States. The strength of the U.S. dollar also continued to impact U.S. agriculture commodity exports. Continued U.S. dollar strength and cyclical herd rebuilding kept downward pressure on prices. Fertilizer producers saw an impact from El Niño conditions with fertilizer application rates in the Western U.S. Corn Belt reported to be as low as 50% of normal rates. Consumer Staples and Healthcare were the main sector contributors to performance for the period, while the allocation to Energy was the largest detractor.

Sprott Global Infrastructure Fund represented the Fund’s largest portfolio allocation; however, this fund’s performance was negatively impacted by its high exposure to the Energy sector. The steep decline in oil prices – largely the result of oversupply – continued to negatively impact the Energy sector. The Energy sector’s valuations fell to all-time lows, based on a variety of measures, including relative price-to-book ratio. Continued underperformance within the Transportation sector was driven by weaker economic data, as railroads shipped less oil and sand used for drilling, while investor activity in the Utilities sector pointed to reduced exposure in anticipation of rising interest rates.

The prevalent global dynamics impacting the Timber market in 2015 have been the strength of the U.S. dollar versus other currencies, the slowing of the U.S. economy, and the moderating economy in China. Log inventories in China had been at elevated levels and imports to the country slowed. During the period, many timber companies both in the U.S. and Canada experienced weaker results in their export businesses. Generally, there has been strength in the stock prices in several foreign companies due to the weakness in their local currency. Moderately growing housing demand coupled with low distributor inventories were positive for wood product companies. The slowing U.S. economy and weak consumer purchasing data caused a decline in the Packaging sector.

The net asset value of the Fund increased from \$16.4 million as of December 31, 2014 to \$20.5 million as of December 31, 2015. The increase was primarily the result of net share issuances of \$6.3 million, offset by net unrealized losses of \$1.5 million. The management expense ratio increased slightly from the prior period.

Related Party Transactions

MANAGEMENT AND INCENTIVE FEES

The annual management fee payable by the Fund to the Manager is 2.25% for Series A shares, 1.25% for Series F and as negotiated by the shareholders of Series I. To the extent that an underlying fund that is a Sprott mutual fund and pays a management fee to the Manager, the Fund does not duplicate management fees with respect to the investment in the underlying Sprott funds. The management fee is calculated and accrued daily and payable monthly based on the daily net asset value of the Fund. For the year ended December 31, 2015, the Fund incurred management fees of \$504,243 (including taxes). The breakdown of the services received in consideration of the management fees, as a percentage of management fees, is as follows:

	Portfolio Advisory	Trailing Commissions
Sprott Real Asset Class – Series A	66%	34%
Sprott Real Asset Class – Series F	99%	1%

Out of the management fees that the Manager received from the Fund, the Manager paid trailer commissions of \$5,489 during the year ended December 31, 2015, to Sprott Private Wealth LP, an affiliate of the Manager.

There are no incentive fees charged to the Fund directly; however, the underlying Sprott funds may pay the Manager annually an incentive fee, calculated in accordance with the simplified prospectus of the underlying funds.

OPERATING EXPENSES

The Fund pays its own operating expenses, which include, but are not limited to, audit, legal, custodial, filing and administrative expenses as well as shareholder reporting costs. The Manager pays certain of these expenses on behalf of the Fund and then is reimbursed by the Fund. At its sole discretion, the Manager may waive or absorb a portion of the operating expenses of the Fund. Amounts waived or absorbed by the Manager are reported in the Statements of Comprehensive Income. Waivers or absorptions can be terminated at any time without notice. The Manager did not absorb any expenses during the year ended December 31, 2015.

OTHER RELATED PARTY TRANSACTIONS

The Fund relied on the approval, positive recommendation or standing instruction from the Fund's Independent Review Committee with respect to any related party transactions.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the years shown.

The Fund's Net Assets per Share¹

	Dec 31, 2015	Dec 31, 2014 ⁴
	\$	\$
Series A		
Net assets, beginning of period	10.45	10.00
Increase (decrease) from operations:		
Total revenue	0.32	0.14
Total expenses	(0.30)	(0.12)
Realized gains (losses) for the period	(0.02)	–
Unrealized gains (losses) for the period	(0.74)	0.61
Total increase (decrease) from operations²	(0.74)	0.63
Distributions:		
From income (excluding dividends)	–	–
Return of capital	0.34	0.16
Total annual distributions³	0.34	0.16
Net assets, end of period	9.84	10.45
Series F		
Net assets, beginning of period	10.49	10.00
Increase (decrease) from operations:		
Total revenue	0.31	0.14
Total expenses	(0.19)	(0.07)
Realized gains (losses) for the period	(0.00)	–
Unrealized gains (losses) for the period	(0.48)	0.59
Total increase (decrease) from operations²	(0.36)	0.66
Distributions:		
From income (excluding dividends)	–	–
Return of capital	0.34	0.16
Total annual distributions³	0.34	0.16
Net assets, end of period	9.99	10.49

1 This information is derived from the Fund's audited annual financial statements.

2 The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period. Net assets and distributions are based on the actual number of shares outstanding at the relevant time. This table is not intended to be a reconciliation of beginning to ending net assets per share.

3 Distributions were reinvested in additional shares of the Fund.

4 Information provided is for the period from July 17, 2014 (launch date) to December 31, 2014.

Sprott Real Asset Class

December 31, 2015

Ratios and Supplemental Data

	Dec 31, 2015	Dec 31, 2014
Series A		
Total net asset value (000s) ¹	\$12,072	\$5,564
Number of shares outstanding ¹	1,227,132	532,632
Management expense ratio ²	3.25%	3.07%
Management expense ratio before waivers or absorptions ³	3.25%	3.81%
Trading expense ratio ⁴	0.02%	0.02%
Portfolio turnover rate ⁵	40.12%	–
Net asset value per share ¹	\$9.84	\$10.45
Series F		
Total net asset value (000s) ¹	\$8,421	\$10,866
Number of shares outstanding ¹	843,265	1,035,841
Management expense ratio ²	2.12%	2.06%
Management expense ratio before waivers or absorptions ³	2.12%	3.09%
Trading expense ratio ⁴	0.02%	0.02%
Portfolio turnover rate ⁵	40.12%	–
Net asset value per share ¹	\$9.99	\$10.49

1 The information is provided as at December 31 of the years shown.

2 Management expense ratio (“MER”) is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. The Fund’s MER includes proportionate share of the MER of each underlying fund in which the Fund has invested.

3 The Manager may waive or absorb a portion of the operating expenses of the Fund. Waivers and absorption can be terminated at any time.

4 The trading expense ratio (“TER”) represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The TER includes dividend expense and securities borrowing expense paid by the Fund in connection with securities sold short. As a result of the Fund’s investment in the Underlying Funds, the TER includes costs that are indirectly incurred by the Fund attributable to its investment in each of the Underlying Funds.

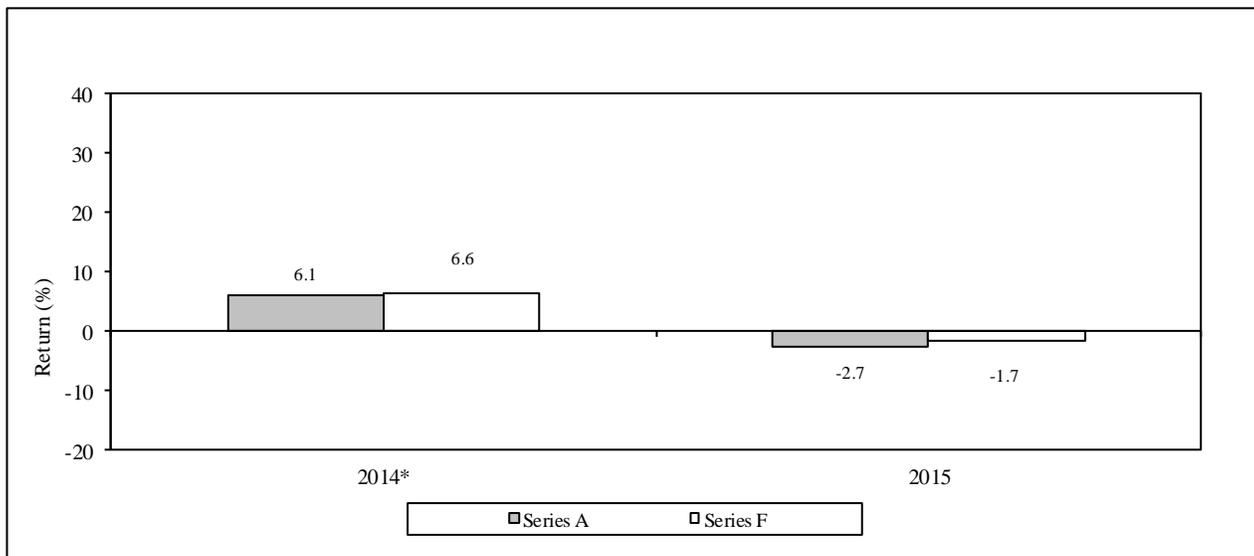
5 The Fund’s portfolio turnover rate indicates how actively the Fund’s portfolio adviser trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund’s portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

Past Performance

The indicated rates of return are the historical total returns including changes in share values and assume reinvestment of all distributions in additional shares of the relevant Series of the Fund. These returns do not take into account sales, redemption, distribution or optional charges or income taxes payable by any shareholder that may reduce returns. Please note that past performance is not indicative of future performance. All rates of returns are calculated based on the Net Asset Value of the particular Series of the Fund.

Year-by-Year Returns

The following chart indicates the performance of each Series of the Fund for each of the previous twelve-month periods ended December 31 shown, unless otherwise noted. The chart shows, in percentage terms, how much an investment made on the first day of each period would have grown or decreased by the last day of each period.



* Return from July 17, 2014 to December 31, 2014 (not annualized). There were no Series I shares outstanding as at December 31, 2014.

Annual Compound Returns

The following table illustrates the annual compound total return for Series A and F shares of the Fund for the periods shown. As a basis of performance comparison, the annual compound return of the Fund is compared to that of Consumer Price Index plus 3%. The Consumer Price Index tracks the changes in the prices paid by urban consumers for a representative basket of goods and services. Since the Fund does not necessarily invest in the same securities or in the same proportion as the index, the performance of the Fund is not expected to equal its performance.

	1-Year	Since Inception*
Sprott Real Asset Class – Series A	-2.7%	2.2%
Sprott Real Asset Class – Series F	-1.7%	3.3%
Consumer Price Index plus 3%	3.7%	3.0%

* Since launch date of July 17, 2014. The annual compound return for Series I shares is not shown as no shares of that series were held as of December 31, 2014.

Summary of Investment Portfolio

As at December 31, 2015

Portfolio Allocation

	% of Net Asset Value
Long Positions	
Mutual Funds	89.1
REITs	8.3
Total Long Positions	97.4
Bank indebtedness	(1.2)
Other Net Assets	3.8
Total Net Asset Value	100.0

All Long Positions

Issuer	% of Net Asset Value
Sprott Global Infrastructure Fund, Series I	39.7
Sprott Timber Fund, Series I	35.6
Sprott Global Agriculture Fund, Series I	13.4
Weyerhaeuser Co.	1.2
Coresite Realty Corp.	1.0
Equity Residential	0.9
AvalonBay Communities Inc.	0.9
Simon Property Group Inc.	0.9
Prologis Inc.	0.8
Public Storage	0.8
Boston Properties Inc.	0.8
Forest City Enterprises Inc.	0.5
Sun Communities Inc.	0.5
Sprott Global REIT and Property Equity Fund, Series I	0.4
All long positions as a percentage of net asset value	97.4

The Fund held no short positions as at December 31, 2015.

This summary of investment portfolio may change due to the ongoing portfolio transactions of the Fund. Quarterly updates of the Fund's investment portfolio are available on the Internet at www.sprott.com. In addition, the simplified prospectus and other information about the underlying funds are available on the internet at www.sprott.com or www.sedar.com.

Corporate Information

Corporate Address

Sprott Asset Management LP
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2700, P.O. Box 27
Toronto, Ontario M5J 2J1
T 416.943.6707
TOLL-FREE 866.299.9906
F 416.943.6497
E invest@sprott.com

For additional information visit our website:

www.sprott.com

Call our mutual fund information line for daily closing prices:

416.943.6707 or 866.299.9906

Auditors

Ernst & Young LLP
Ernst & Young Tower
P.O. Box 251, 222 Bay Street
Toronto-Dominion Centre
Toronto, Ontario M5K 1J7

Legal Counsel

Borden Ladner Gervais LLP
Scotia Plaza
40 King Street West
Toronto, Ontario M5H 3Y4